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20 April 1959

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# CENTRAL

# INTELLIGENCE

# BULLETIN



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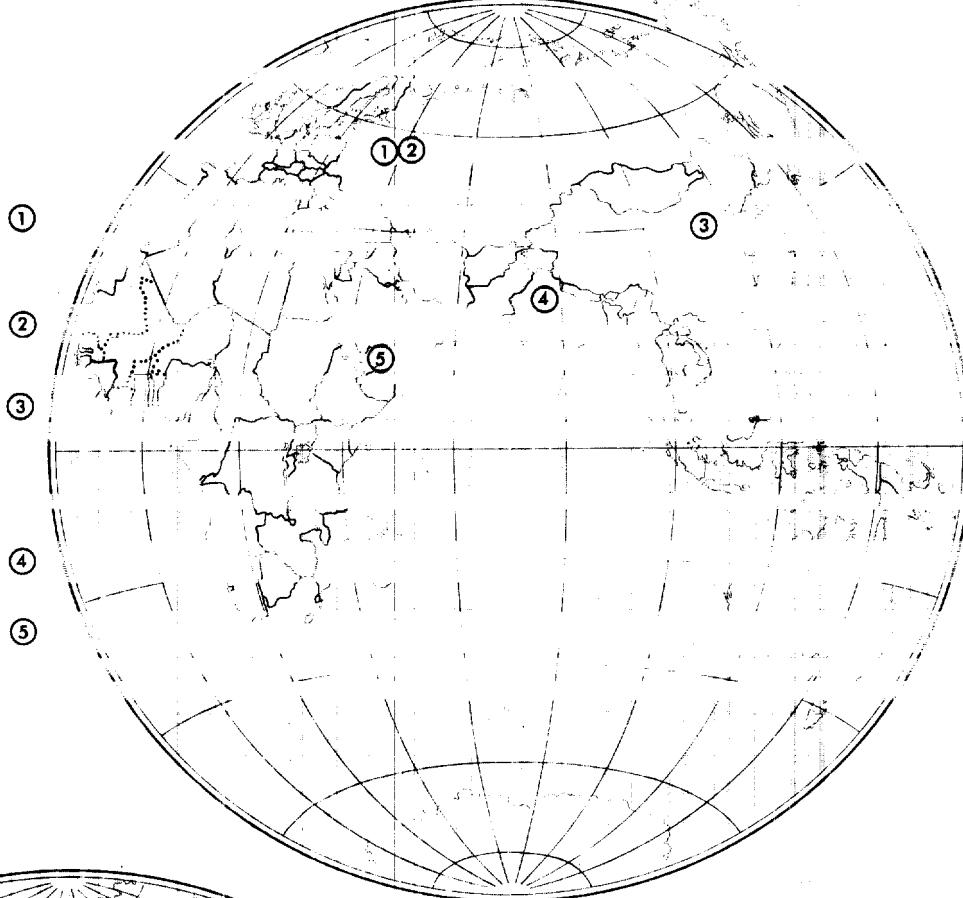
20 APRIL 1959

#### I. THE COMMUNIST BLOC

Language of presidium birthday message to Khrushchev reminiscent of adulation during Stalinist "cult of personality."

USSR planning to hold bloc foreign ministers' conference soon.

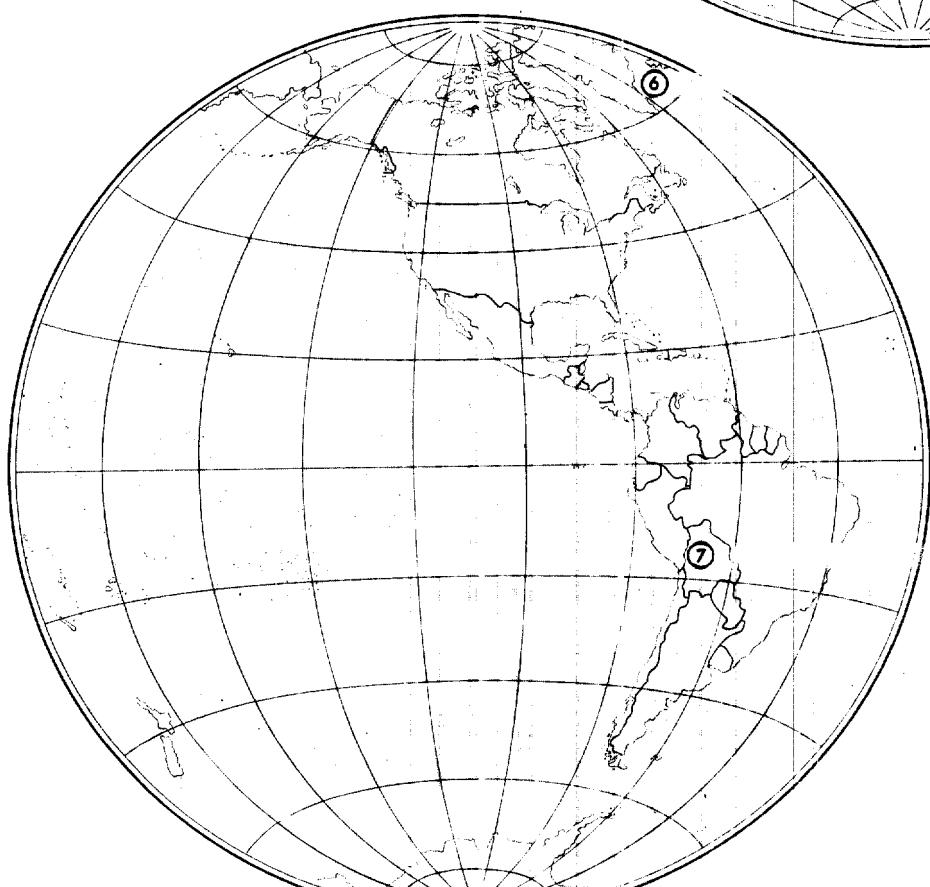
Chou En-lai plays down Tibetan situation and stresses Sino-Indian friendship in speech to National People's Congress.



#### II. ASIA-AFRICA

India - Nehru's Congress party apparently losing popular support.

Yemen Crown Prince Badr and Nasir agree that all foreign missions in Yemen will be closed with representation to be conducted through Cairo.



#### III. THE WEST

⑥ Icelanders aroused over latest fishing incident with Britain.

⑦ Bolivia - Government apparently has situation under control following rightist attempt at revolution.

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## CENTRAL INTELLIGENCE BULLETIN

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### DAILY BRIEF

#### I. THE COMMUNIST BLOC

*No* **Khrushchev:** Praise for Khrushchev in the unprecedented birthday greeting sent him by the party presidium is reminiscent of the adulatory language used to describe Stalin at the height of the "cult of personality" period. Soviet leaders' 65th birthdays are not normally noted with party greetings. The message was signed by all full and candidate members of the presidium except Ambassador to East Germany Mikhail Per-vukhin, apparently no longer a member of the presidium.

*No* **USSR:** Moscow is preparing a bloc foreign ministers' conference in Warsaw, probably in April but certainly before 11 May, according to the Yugoslav Embassy in Moscow. The Yugoslavs believe the meeting, which may be attended by Communist China, is an expansion of an earlier plan to have the USSR, East Germany, Poland, and Czechoslovakia meet on the German problem. The bloc foreign ministers presumably will reiterate the Soviet position on major European problems with the aim of strengthening the USSR's hand in the Geneva conference opening on 11 May.

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*OK* **Communist China:** Chou En-lai minimized the Tibetan situation in his speech to the opening session of the National People's Congress on 18 April. He claimed that Peiping now is completely in control of Tibet and stressed the theme of Sino-Indian friendship. The official summary of the 30,000-word report suggests Peiping will actively seek to dispel the growing belief that China is the most truculent member of the bloc and indicates the Chinese Communist regime will continue its "leap forward" program of rapid economic development and social reorganization.

## II. ASIA-AFRICA

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India: Despite major economic advances during India's First and Second Five-Year-Plan periods, Nehru's Congress party apparently is losing popular support. In recent municipal elections in the southern state of Madras, one of the Congress party's strongholds, the party lost control of Madras city and of most other large towns. In similar elections in Punjab state in north India, where the party made a good showing in the national elections of 1957, it recently won only one third of 391 seats. Strenuous efforts by the high command to rejuvenate the party evidently are not reversing this trend. 25X1

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Yemen: Crown Prince Badr and Nasir have agreed that all foreign diplomatic missions in Yemen will be closed and that representation will be conducted through Cairo. The move may be aimed primarily at reducing Communist-bloc influence in Yemen and suggests the heretofore pro-Soviet Badr is falling in line with Nasir's anti-Communist campaign. 25X1

## III. THE WEST

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Iceland-Britain: The Icelandic parliament and public are more aroused over the recent intervention of a British naval vessel in preventing the arrest of a British trawler than at any time since last September when Iceland extended its fishing limit to 12 miles. With elections scheduled for this summer, all political parties are seeking to appear as champions of Iceland's rights, and the Icelandic foreign minister says the Communists have gained considerable ground as a result of these incidents. 25X1

\*Bolivia: A rightist revolution broke out briefly in La Paz on the morning of 19 April but the government apparently has the situation under control. The perennially plotting rightists apparently hoped to take advantage of the deep division within the governing Nationalist Revolutionary Movement, caused by President Siles' efforts to carry out economic reforms. Bolivia's protracted economic crisis is likely to cause further sudden violent outbreaks by either rightist or leftist elements.

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## I. THE COMMUNIST BLOC

### Chou En-lai's Report to the National People's Congress

Premier Chou En-lai's report to the opening session of the National People's Congress on 18 April indicated that Communist China will continue its "leap forward" toward economic development and social reorganization. According to the official summary of the 30,000-word report, Chou reiterated Peiping's ultra-ambitious 1959 targets for steel--18,000,000 tons, coal --380,000,000 tons, food grains--525,000,000 tons, and cotton --5,000,000 tons. Although Chou insisted that the 1959 economic plan is founded on "practical possibilities," it nevertheless is based on extremely high claims for production in 1958 which--at least in the agricultural field--are not credited by Western observers.

Chou praised the communes as China's best means of speeding up socialist construction and effecting the future transition from a socialist to a communist society.

On the subject of Tibet, Chou claimed the situation now is completely under Peiping's control but admitted that mopping-up operations were continuing in "remote" areas. He played up Sino-Indian friendship, stating that it should not be allowed to be weakened by a "handful of Tibet rebels." Chou's report and the Dalai Lama's indication on the same day that he would not conduct a public feud with Peiping seem likely to put the Tibet situation at rest for the time being.

No important new foreign policy lines were laid down, although Chou's treatment of Asian-African nations suggests the regime will actively seek to dispel the growing belief that China is the most truculent member of the bloc. Chou repeated Peiping's earlier criticism of the UAR's attack on the Soviet Union and attacked the "hostile" policy of the Kishi government. He repeated--without any sense of urgency--the usual formulation that Taiwan is Chinese territory which must be "liberated," and that plots to create "two Chinas" cannot be tolerated.

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## II. ASIA-AFRICA

### Indian Congress Party Continues to Lose Popular Support

Prime Minister Nehru's ruling Congress party recently received two dramatic illustrations of loss of popular support when its candidates were repudiated in municipal elections in Madras and Punjab states. The party lost its majority in Madras city, the seat of the state government, and in most other large towns in the state, despite the strong showing it had made in the national elections of 1957. The major gainer was the Dravidian Progressive Federation, which won 45 out of 101 seats in Madras city against the Congress' 37. The federation is a regional south Indian party of the lower classes, which opposes domination of south India by the "Aryan" north, attacks rule by the Brahmin class, and resents adoption of Hindi as the national language. The middle and upper classes in Madras apparently were apathetic toward the elections. In Punjab state, where the Congress party had also done well in 1957, it recently won less than a third of 391 seats at stake in municipal elections.

This trend away from the Congress party at the municipal level is reflected in other parts of India. Despite strenuous efforts by the party leadership since 1956 to improve organizational contacts at the grass roots, the party now has lost control of three of the four largest cities in the country--New Delhi, Bombay, and Madras--and controls Calcutta by only a bare majority. Awareness of this problem is shown by the fact that party president Indira Gandhi has just postponed a trip to Mexico, previously scheduled for May, and has declined an invitation to London in order to tour India on party business. Factionalism and apathy presumably will be her major targets.

The recent voting trend also indicates that the major achievements of the Nehru government in economic development are not being translated into political support. Madras state, for instance, has the best record of any state in India in implementing its plans for economic development, and its capable, active Congress party government had been preparing detailed long-range political and economic plans for the 1962 elections.

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### III. THE WEST

#### Iceland Aroused Over New Fishing-boat Incident With British

(The intervention of a British naval vessel on 14 April to prevent the arrest of a British trawler operating within four miles of the Icelandic coast has caused greater resentment than any incident since last September, when Iceland unilaterally extended its control over coastal waters for fishing from four to twelve miles.)

(The Communist press and leaders, seeking to capitalize on the incident for political purposes, have called for a severance of diplomatic relations with the UK. The Progressives (agrarians) have joined the Communists in demanding the recall of the Icelandic ambassador to Britain. The Conservatives are demanding that the government introduce the matter formally before the NATO Council. Consequently, Social Democratic Foreign Minister Gudmundsson is planning to explore with the Icelandic ambassador to NATO the possibility of inviting NATO Secretary General Spaak to come to Iceland and review the situation.)

(With elections mandatory if the constituency-reform bill passes parliament, as is likely, the various political parties are seeking to make the most out of the situation. The Communists in particular are seeking to appear as the most vigorous champions of Iceland's right to extend its territorial waters. The Conservatives, although they have supported the minority Social Democratic government in parliament, feel they must also take an uncompromising line in defense of Iceland's interests. The Social Democrats, the smallest party in parliament and concerned over their future as a labor party, will consequently be inclined, particularly, in view of the inflamed temper of parliament and the press, also to adopt an equally adamant attitude toward the British.)

(The likelihood of British general elections this year tends to limit the Macmillan government's maneuverability on this issue.)

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Rightist Revolutionary Outbreak in Bolivia

A rightist revolution broke out in La Paz on the morning of 19 April, but the government apparently has the situation under control. The perennially plotting rightists apparently hoped to take advantage of the deep division within the governing Nationalist Revolutionary Movement. The division is caused by President Siles' only partially successful efforts to carry out economic reforms suggested by the International Monetary Fund (IMF) in order to secure renewal of the agreement between Bolivia and the IMF on which US financial aid to Bolivia has been conditioned.

Bolivia's protracted economic crisis is likely to cause further sudden violent outbreaks by either rightist or leftist elements. Symptomatic of the government's economic straits resulting from the virtual suspension of US aid was the fact that as of 13 April the administration had paid public employees only 8 percent of the salaries they have earned since 1 January.

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The government depends heavily on irregular forces. President Siles recently said that he thought his cabinet appointment for rural Indian leader Jose Rojas would keep Rojas and his "5,000 rifles" allied to him, thus guaranteeing government security. Siles emphasized that Rojas' followers plus the 2,000 pro-Siles miners constituted the largest politically unified force in the country. Some part of the army and police would also be likely to remain loyal to Siles. The leftist faction of the MNR which has been opposing the government's economic reform measures appears to have the allegiance of other civilian military elements.

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The Treasury Department

The Secretary of the Treasury

The Department of State

The Secretary of State

The Under Secretary of State

The Under Secretary of State for Economic Affairs

The Deputy Under Secretary for Political Affairs

The Deputy Under Secretary for Administration

The Counselor

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